

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION**

#### **JOINT APPROPRIATIONS SUBCOMMITTEE ON NATURAL RESOURCES AND COMMERCE**

**Call to Order:** By **CHAIRMAN JEFF PATTISON**, on February 14, 2003  
at 8 A.M., in Room 317-C Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Jeff Pattison, Chairman (R)  
Sen. Bill Tash, Vice Chairman (R)  
Sen. Edward Butcher (R)  
Rep. John Musgrove (D)  
Sen. Linda Nelson (D)  
Rep. Rick Ripley (R)  
Sen. Debbie Shea (D)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Gary Hamel, Legislative Branch  
Elaine Olsen, Committee Secretary  
Doug Schmitz, OBPP  
Todd Younkin, Legislative Branch

**Please Note.** These are summary minutes. Testimony and discussion are paraphrased and condensed. Time stamp refers to the material which follows.

**Committee Business Summary:**

Hearing & Date Posted:  
Executive Action: Department of Commerce budget

All votes are voice votes unless otherwise noted.

**{Tape: 1; Side: A; Approx. Time Counter: 1 - 4}**

**Todd Younkin** said that because revenue estimates in the shared account had to be lowered just as the executive budget had gone to print, the reduced revenues were all attributed to the Coal Board. If the Committee chooses they can move to restore \$72,700 to the Coal Board share of the shared account.

**EXHIBIT(jnh33a01)**

**Doug Schmitz, OBPP**, said that the executive is required to present a balanced budget to the legislature. Revenue estimates showed a sudden decline coincidental with the end of the budget planning process. The reduction had to be applied, and the only entity left open at the time was the Coal Board's portion of the shared account. The entire difference was applied in the Department of Commerce(DOC) to the Coal Board funding.

**REP. MUSGROVE** asked if the reduction was applied to one year of the biennium. **Todd Younkin** said that the reduction was applied to one year, so the adjustment restoring the funding was for one year only. **REP. RIPLEY** asked if the restoration would return the Coal Board funding to the executive proposed level. **Todd Younkin** said that was correct. The funding level intended by the executive is 50 percent of the previous funding levels. **Doug Schmitz** said the funding would be restored to the level that is contained in HB177.

**Motion/Vote:** **SEN. NELSON** moved that **THE REDUCTION TO THE COAL BOARD BUDGET BE ADJUSTED BY \$72,700 DO PASS.** Motion carried unanimously.

**{Tape: 1; Side: A; Approx. Time Counter: 4 - 8}**

**Todd Younkin** presented the Committee with a comparison of the budget appropriations approved by the Committee for the Department of Commerce and the funding amounts that had been recommended in the executive budget. A summary of the action taken on agency General Fund budgets was distributed.

**EXHIBIT(jnh33a02)**

**EXHIBIT(jnh33a03)**

**{Tape: 1; Side: A; Approx. Time Counter: 8 - 13}**

**Gary Hamel** said he had worked with Director Sensibaugh of the Department of Environmental Quality(DEQ) to develop a bill draft

request to eliminate the Petroleum Tank Release Compensation Board; authorizing the DEQ to make eligibility and compensations determinations under the Petroleum Tank Release Compensation laws; authorizing the Board of Environmental Review to hear appeals from the DEQ's decisions; and transferring rule making authority to the Board of Environmental Review.

**EXHIBIT(jnh33a04)**

**Doug Schmitz** asked if additional costs would be incurred because the Board of Environmental Review had assumed these responsibilities. **Gary Hamel** said he would confirm that because it is just a transfer of responsibilities, any costs would be offset.

*{Tape: 1; Side: A; Approx. Time Counter: 13 - 20}*

**Gary Hamel** presented the Committee with two handouts which summarized the actions the Committee took on the DEQ budget. **CHAIRMAN PATTISON** commented that the work done by Director Sensibaugh and her staff at DEQ on the budget presentation had been a tremendous help to the Committee.

**EXHIBIT(jnh33a05)**

**EXHIBIT(jnh33a06)**

**Doug Schmitz** asked how many FTE had been reduced from the DEQ. **Gary Hamel** said that 15.25 FTE had been reduced from DEQ.

*{Tape: 1; Side: A; Approx. Time Counter: 20 - 30}*

**Gary Hamel** presented a handout describing contingency language related to actions the Committee had taken of the Department of Natural Resources and Conservation(DNRC) budget. The funding for the Dry Red Water Regional Water system and a funding switch had been approved contingent on the passage of HB176. He said he was requesting Committee approval on the language.

**EXHIBIT(jnh33a07)**

**CHAIRMAN PATTISON** clarified by stating that the contingency language addressed the funding for all of the water projects. **Doug Schmitz** said that if the contingency language is approved, and HB176 does not pass, then the regional water FTE would not be funded. **Gary Hamel** said that the regional water systems were not in the original budget. By Committee action, those items were included in the budget, contingent on the passage of HB176 which includes the Treasure State Endowment Program(TSEP) funding.

HB176 would switch the funding for the regional water systems' managers from General Fund to TSEP funds. If HB176 does not pass, there is no funding for the regional water systems.

***{Tape: 1; Side: B; Approx. Time Counter: 1 - 7}***

**REP. DAVE KASTEN, HD99**, spoke regarding water development projects in eastern Montana. He requested that the Committee include \$30,000 in TSEP funding for the Dry Red Water Regional Water Project in the Garfield and McCone counties. The project is intended to provide drinking water for the towns and cities in the area. The water would be taken from the Missouri River in the Poplar area or near Wolf Point. He presented copies of letters of support to the Committee

**EXHIBIT (jnh33a08)**

***{Tape: 1; Side: B; Approx. Time Counter: 7 - 12}***

**SEN. TASH** asked if the project had decreed rights on surface water to substantiate the need. **REP. KARSTEN** said the volume may not be great enough to require such rights. **SEN. TASH** commented that Montana needs to put the water to beneficial use or downstream demands might prevail.

**John Tubbs, DNRC**, said that in the area below Fort Peck Reservoir, the Missouri River has a lot of unallocated surface water. Water rights should not be an issue. **CHAIRMAN PATTISON** asked about the costs of startup for the project and the extent of the preliminary planning. **John Tubbs** said the funding would be used to establish feasibility and to begin the initial plans for the project. DNRC would work with McCone and Garfield County conservation districts. The first step would be to hire an engineering firm to address where to get the water, how big a plant would be needed and what the demand would be.

***{Tape: 1; Side: B; Approx. Time Counter: 12 - 16}***

**SEN. NELSON** commented that it appeared the proposal was for \$30,000 for a feasibility study. **REP. RIPLEY** asked if the normal procedure was for local people to contribute startup money. **John Tubbs** said communities need to see the project proposal first, and then members of the community would be asked to contribute. The project could provide drinking water and water for livestock.

**SEN. NELSON** said that Dry Prairie Regional Water Project had some preliminary work completed before they approached the Committee for funding. **John Tubbs** said a lot of the preliminary study had

been completed because the Bureau Of Reclamation had done a feasibility study of the entire Fort Peck Reservation.

***{Tape: 1; Side: B; Approx. Time Counter: 16 - 23}***

**SEN. SHEA** asked if a time frame had been established for the project. **REP. KARSTEN** said efforts are being directed toward gathering more support, but by dovetailing work done on other projects, time frames could be cut in half.

**CHAIRMAN PATTISON** commented that the request was for \$30,000 for one year only. **Doug Schmitz** commented that HB176 was developed as a result of the General Fund shortfall. HB176 would fund two regional water coordinators and one staff that previously had been funded through the DNRC budget in HB2. The more funding that is taken out of the balance of the trust in administrative costs, the less that will be available for the state match for federal funds.

**John Tubbs** said that following the authorization of the Dry Prairie Project, the administrative costs have been leveraged to match federal money.

***{Tape: 1; Side: B; Approx. Time Counter: 23 - 30}***

**CHAIRMAN PATTISON** asked if an administrator has been identified. **REP. KASTEN** said that initially the Conservation District staff would assist the group. By April of this year, a focus group will be established. **CHAIRMAN PATTISON** said that the Committee would want assurance that if funding is authorized that the project would move forward. **John Tubbs** said that DNRC would enter into an contract to ensure the money is expended in the way intended.

***{Tape: 2; Side: A; Approx. Time Counter: 1 - 6}***

**REP. RIPLEY** said he felt the funding should go directly toward the construction of the project. **REP. KASTEN** said support will come forward once the first stake is driven in the ground. **REP. RIPLEY** said he believed it would be more appropriate for the focus group to get the project started before the Committee appropriated any funding.

**REP. MUSGROVE** stated the letters of support that had been sent to **REP. KARSTEN** demonstrated that the communities are willing to do the work necessary to move the project forward. **REP. KARSTEN** said, "The commitment is out there."

**John Tubbs** commented that if the funding was not approved, the people would have to secure funding in some manner. The project is critical to the area.

*{Tape: 2; Side: A; Approx. Time Counter: 6 - 10}*

**CHAIRMAN PATTISON** asked if the communities would be better able to get a project started if the funding was approved for the second year of the biennium. **John Tubbs** said the Department would work with the communities to help maximize their efforts and funding sources. **SEN. NELSON** said she felt the communities would need the funding in FY04 if possible. **REP. MUSGROVE** said he agreed with **SEN. NELSON** and that the project would need funding soon. **REP. RIPLEY** said the project is important and worthwhile, but he would feel better about supporting the project if more of the planning work had already been completed. **SEN. NELSON** said she agreed with **REP. RIPLEY**'s concerns. **SEN. SHEA** said that **REP. KARSTEN** had assured the Committee that a lot of the background work had been done.

**Motion/Vote:** **SEN. NELSON** moved that **ACCEPTANCE OF THE CONTINGENCY LANGUAGE AND THE FUNDING FOR NP32 DRY RED WATER REGIONAL WATER SYSTEM FOR FY04 DO PASS**. Motion carried unanimously.

*{Tape: 2; Side: A; Approx. Time Counter: 10 - 17}*

**CHAIRMAN PATTISON** asked **John Tubbs** to see that the appropriation is expended according to the Committee's intent and that a status report on the project is made available to the Interim Committee.

**Todd Younkin** said that the legal counsel at the DOC advised that no Committee bill would be necessary to complete elimination of the CTAP from DOC.

**Motion/Vote:** **REP. PATTISON** moved that **IN LIGHT OF THE DEPARTMENT OF COMMERCE'S POSITION, NO COMMITTEE BILL BE DRAFTED TO ADDRESS THE ELIMINATION OF THE COMMUNITY TECHNICAL ASSISTANCE PROGRAM DO PASS**. Motion carried unanimously.

*{Tape: 2; Side: A; Approx. Time Counter: 17 - 25}*

**SEN. TASH** thanked **CHAIRMAN PATTISON** for "the excellent job in leading us through this process." The Committee members all concurred.

**REP. MUSGROVE** asked if the Committee had any additional suggestions concerning the removal of funding for the Kumomoto Field Office. **CHAIRMAN PATTISON** said the Department had suggested the budget areas they thought should be cut. HB492 took money from the DOC tourism program.

**CHAIRMAN PATTISON** thanked the Committee for their diligence and hard work and said he had been proud to work with the Committee.

**SEN. SHEA** thanked the staff from the LFD and the OBPP for their work and assistance. The Committee agreed.

**CHAIRMAN PATTISON** thanked the Committee secretary for her work.

**ADJOURNMENT**

Adjournment: 12 P.M.

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REP. JEFF PATTISON, Chairman

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ELAINE G. OLSEN, Secretary

JP/EGO

**EXHIBIT** (jnh33aad)